



1187 Thorn Run Road, Extension, Suite 340  
Moon Township, PA 15108  
(844) 370-5748 | [www.building-performance.org](http://www.building-performance.org)

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Last month, the Massachusetts chapter of the Building Performance Association (BPA) facilitated a survey to assess the state of contractors participating in the Mass Save program. More than a quarter of all IICs responded to the survey, as well as over 90% of HPCs and a handful of HVAC contractors.

This survey was presented at the BPA Massachusetts update meeting in mid-March and was subsequently requested by several members of the EEAC.

As some members of the EEAC have seen this survey, the BPA felt it made sense to submit the findings to the full Council and other interested parties. We've included contractor comments, which help give color to the quantitative findings.

In short, many contractors are losing profits, losing work, and struggling to make ends meet.

More than half of respondents, and well more than half of Weatherization (Wx) contractors reported reduced profitability. Contractors cited a dramatic rise in costs over the past 2-3 years, including labor, materials, and fuel. IICs and HPCs also cited a reduction in work. Wx shops spoke of 8-week lead times shrunk to 1-2 weeks; 3 months in advance now week to week; no backlog in over a year.

According to contractors, many are looking to reduce their reliance on Mass Save program work, and in particular market-rate work. Non-program work includes activities like plastering, roofing, electrical, carpentry and diversifying out of Massachusetts entirely. Other contractors are working to do more income-eligible work, multi-family, commercial and solar.

More than three-quarters of contractors report that it's harder to hire, with almost two-thirds citing increased employee compensation requirements. Every single contractor reported higher materials costs, with about two-thirds pegging those increases in the 20-30% range.

For Weatherization contractors, there was a lot of concern expressed about the upcoming pricing RFQ, with 85% saying that their business has been negatively affected by the last RFQ. This question generated by far the most commentary, with contractors saying they wanted training, guidance, and resources to better understand the RFQ process.

About half of contractors spoke of the perceived unfairness of the RFQ's allocation system, saying they felt punished by bidding the price they needed and then being assigned a lower ranking and thus receiving fewer jobs. Contractors said they would like more transparency, more dialogue, and more price consistency across programs.

HVAC contractors said the rate of heat pump adoption was higher than anticipated, but that the increasing cost of electricity was starting to outweigh the benefits of the incentives. They felt that somewhat higher incentives would lead to greater heat pump adoption.

A majority of contractors plan to promote IRA tax breaks and rebates, but over 80% said they would like guidance regarding how to message these incentives to customers.

The BPA hopes the EEAC finds these survey results useful in understanding the overall sentiment and viability of contractors in the Mass Save program. Contractors have had a long and positive relationship with the program, albeit with some recent bumps in the road due to COVID and the subsequent upward spiral of materials and labor. We'd like to see that positive relationship continue, and hope to be a resource promoting dialogue, transparency, and ideas to the EEAC, contractors, and the PAs as we all work together toward a greener, more sustainable future.

Sincerely,

The BPA Massachusetts Affiliate Board

Wesley Couture, American Installations

Steve Cowell, Cowell Consulting

Bill Graham, HomeWorks Energy

Rick Taglienti, Rogers Insulation

Mark Tajima, B. Alpha Construction